

Advisory Board Meeting Minutes

The Residential Ratepayers Advisory Board (“the Board”) held a meeting on April 11, 2005 in a Hearing Room at the Public Utilities Commission. The meeting started at 2:10 p.m.

Present for the Board were:

Larry Kelly, Chair
Otis Perry, Vice Chair
Larry Ross
Claira Monier
Ed Brueggemann
Rick Russman

Present for the Office of Consumer Advocate (“OCA”) were:

Anne Ross, Consumer Advocate
Kenneth Traum, Assistant Consumer Advocate
Rorie Hollenberg, Staff Attorney
Christina Martin, Legal Assistant

Quorum

Larry K. declared a Quorum.

Agenda:

1. Minutes of March meeting

Larry K. moved to approve the minutes of the March 14, 2005 Board Meeting. Ed motioned, Otis seconded, and the minutes of March 14, 2005 were approved.

2. Legislation

- HB 91 - Larry R. mentioned that he is attempting to get this bill referred to the Science, Technology & Energy Committee. He is not sure if he will be successful in that or not.
- HB 174 – Ken suggested that we hold off on this bill until the discussion of our third agenda item, as it is directly related.
- HB 175 – Larry R. mentioned that this bill could come up again once SB 128 is decided.
- HB 228 – Otis clarified that the OCA’s “support” of this bill meant that the OCA was against the publishing of a cell phone user’s contact information without his or her consent. Anne confirmed that. Otis then stated that a directory wouldn’t be a bad idea for some business owners that use a cell phone as a business tool. Anne stated that the cell phone directory is being looked at federally and it seems to have that language to opt in. *[Since the Board*

Meeting, the OCA found that a Wireless 411 Service is planned for launch in 2006. This is a free consumer choice based privacy protected inclusion of wireless listings in the existing nationwide landline voice 411 system. The wireless consumer will have a choice to opt in to have their wireless number included in the voice 411 system. Consumers may choose to remove their number at any time with no fees. No directory will exist ever, either printed, electronic, or on the internet. There are no fees included with opting in or removal. For more information on the Wireless 411 Service please visit www.wireless411.service.com.]

- SB 128 – Larry K referenced that we have three presentations scheduled today for discussion on this bill, so we will hold discussion until after those presentations.
- SB 209 – Larry K. asked if the OCA is getting any further with communicating with the banking department. Christina responded no.

Anne suggested that for next months meeting the OCA will remove the dead bills from the legislative update.

3. **EAP**

Ken explained to the Board that the surplus that was addressed in HB174 is now academic. The EAP Advisory Board has implemented a waiting list for all new participants in the EAP program as of 3/21/05. The EAP Advisory Board anticipates that the waiting list will remain in place until the cash situation settles. The question to the Board is what type of fix should the OCA pursue. Should we reduce discounts or change eligibility, etc? Larry K. mentioned that when HB174 was being presented to the House there was concern over a surplus of money held, now in fact there is concern over a deficit. So things could change very quickly. Larry K. suggested a few different options to alleviate the money situation that EAP is currently experiencing. One, to reduce the benefit levels in the top tiers (tiers 7 and 8 with electric heat and tiers 3 and 4 with general use), which would be less damaging than reducing or excluding participants. Two, to drop electric heating use as a category and add average use. Three, to not only take household income into account but also household size. Christina and Ken stated that EAP does now take income and size into consideration for eligibility and discounts. Larry K. asked Christina to verify that information for him. Christina said she would do so. *[Since April 11th Board meeting the EAP Advisory Board confirmed that the household size is not taken into account for the discounts given once deemed eligible. Although, household size and household income are taken into account to determine eligibility for EAP.]*

4. **Any Other Issues**

Anne explained that Otis and Anne had received phone calls from National Public Radio asking for information regarding Verizon's In-State Toll Rates. Anne briefed the Board on the situation as well as provided this summary:

Effective in mid-September 2005 Verizon increased its rates for several services including in-state toll rates for customers who have not chosen any of the Verizon long distance calling plans. The increases are as follows:

Time of Day Minute Rate	Prior Per Minute Rate	New Per Minute Rate
Day	\$0.20	\$0.30
Evening	\$0.15	\$0.20
Nights/Weekends	\$0.10	\$0.10

The above rates apply to both single business and residential lines.

In addition, Verizon decreased the number of free directory assistance calls a month from five to three and increased the charge for additional call from \$0.40 per call to \$1.25.

Verizon indicates that it placed a notice of these rate changes in with its bills.

The Office of Consumer Advocate did not oppose this rate change, because in-state toll service is competitive at this point in New Hampshire. There are numerous offerings by competitive providers including two Verizon long distance plans in the tens cents a minute range. We do not believe there are very many customers on this rather expensive offering. Verizon indicates that revenues from this service represent 3.9% of Verizon's total in-state toll revenues.

We view the problem as primarily a customer education issue. We intend to devote our summer OCA newsletter to long distance and other telecom issues in an attempt to better inform consumers about their options for telephone service.

Ed mentioned that he would like to make sure seniors get the summer newsletter. Ed suggested that such rate increases could get expensive for folks living on limited income. Anne said the OCA will make efforts to distribute the newsletter to seniors. Larry K. mentioned that he may be able to help in that.

Rorie asked if a press release in the meantime would be helpful. The Board agreed and Anne said the office would put one together.

5. Presentations on SB 128

Larry K. asked if there were any other issues present. Hearing none, Larry K. stated we will

move to the presentations regarding SB128.

Larry R. introduced Senator Johnson who is the prime sponsor of this bill. Larry K. asked Senator Johnson to brief the Board and the guests on the bill. Senator Johnson gave a brief overview of his understandings of the bill and that he believed PSNH and DES were working together to come up with a solution regarding mercury. Senator Johnson thanked the Board for allowing him to attend and speak.

Bob Scott, Air Resources Division at DES, gave a presentation and provided handouts to the Board. He explained DES's position on this bill and why they have come to the position they are at. Mr. Scott explained that PSNH was required by RSA 125-O:3 to do stack testing and coal sampling. DES then made recommendations to the legislature regarding mercury and CO2 emissions for fossil fuel burning power plants. The federal standards would allow for cap and trade, which addresses the global issue. The mercury emitted from PSNH's Schiller and Merrimack stations, up to 94% at the MK2 unit, is in the oxidized form which is more readily washed out of the atmosphere and deposited into the local environment. DES opposes trading mercury as the primary means of compliance, but does state that limited trading after significant on-stack reductions could be acceptable. Mr. Scott also mentioned a few different technologies, or ways to reduce mercury emissions. Mr. Scott referred to Dr. David Evers for an indication of local hot spots. Dr. Evers confirmed that when local sources of mercury emissions have been reduced in the local environment, the levels in loon blood have also reduced. Mr. Scott wrapped up and thanked the Board.

Gary Long, President of PSNH, gave his presentation and provided handouts to the Board. Mr. Long asserted that PSNH is opposed to the bill as written because it is not feasible. Mr. Long explained that PSNH is willing to reduce mercury emissions, but it cannot do so as would be required by this bill. Mr. Long noted that section 10 of RSA 125-O is a non-severability clause, and this bill would go against existing law. He asserts that the mitigation efforts were taken out of the bill, there are harsh measures for PSNH to adhere to with no flexibility and that this is not cost effective. Mr. Long also pointed out that the trading and cap programs are important to 125-O. PSNH believes that they may not be able to go through the regulatory approvals by 2009. Mr. Long also mentioned a few ways to try to clean up the mercury emissions and their costs. Another issue Mr. Long pointed out was that each boiler is different so one fix wouldn't be universal. Another problem for PSNH will be securing financing for mercury emission controls which customers would end up paying for without a guarantee that these measures would achieve the level reductions required by the bill. Mr. Long also addressed the plant in NJ that is now being shut down for similar reasons. PSNH has always been a good corporate citizen. Mr. Long stated that PSNH was the first to install NOX controls when it wasn't even required. Mr. Long said that this bill will push NE towards a natural gas economy, which would effect future energy costs as well as the economy.

Doug Bogen, NH Program Director, Clean Water Action, gave his presentation and provided handouts to the Board. He also presented visuals of hot spots in New England, including southeast NH. Mr. Bogen stated that Clean Water Action is a national organization, and that they are working with a coalition of state and regional environmental and public health organizations to clean up power plant mercury. The issue of mercury has been addressed since 1989 by his group. The focus on power plants began in 1996. Mr. Bogen stated that his organization would like to end the grandfathering of fossil fuel power plants under the federal Clean Air Act, so they would have to clean up the mercury emissions, among other pollutants. He stated that they are looking to achieve 90% reduction in mercury emissions by the end of the decade. Mr. Bogen stated that this is hardly aggressive, considering that the legislative deadlines have continuously been set back further and further. Mr. Bogen confirmed that his organization is also not supportive of trading for the same reasons Mr. Scott gave. Mr. Bogen touched on some of the neurological disorders in children as a result of mercury emissions as well as other health risks for children and adults, including pregnant women and their new born babies. Mr. Bogen addressed the concerns with NH lakes and rivers, as well as the advisory warnings that have been in place for the past decade regarding NH's fish. Mr. Bogen referred to a recent compilation of studies on mercury, "Mercury Connections," as well as polls taken of NH residents that address whether the public is willing or not willing to pay more in their electric bills to clean up mercury in power plants. Mr. Bogen pointed out that indeed the NH public is willing to pay more for that purpose, and the vast majority is willing to pay as much or more than it would reasonably cost to clean up NH power plant mercury.

Questions and Answers to the Panel:

Otis asked Mr. Bogen why they are opposed to trading. Mr. Bogen responded that with mercury it matters where it is emitted; it is an air toxic and should be eliminated. If mercury credits are traded the emissions are still landing locally, and still would effect our local environment. Mr. Long then responded to the question stating that trading has been shown to be a highly effective way to reach outside NH borders. It is an effective tool to reduce emissions. It is an incentive for reductions and creates value.

Otis asked Mr. Long how they could achieve the 50lb requirement of emissions. Mr. Long responded that if that was the goal and the only goal, PSNH could do it by carbon injection which would cost approximately 72-75 million dollars. If PSNH needs to do further reduction (as called for in the bill), then it would be approximately 200 million dollars plus increased operational costs of 10 to 15 million dollars per year.

Ken asked Mr. Long if he feels that this new law would be unconstitutional because of the non-severability section in RSA 125:O. Mr. Long responded that his view is that people are going back on their word, but that doesn't mean that PSNH could take

it to the Supreme Court. He feels that the Legislature is under a moral obligation to keep their promise, as reflected in RSA 125:O. Mr. Bogen stated that federal rules are changing and the state assumed an EPA emission standard that never came. His understanding was that the people involved in the RSA 125:O passage had no mercury trading in mind. Mr. Long then stated that the U.S. power plants account for less than 1% of mercury emissions globally. If PSNH shuts them down there will be a huge economic impact with possibly no health benefit. He feels that all of the statements made against mercury are speculative. Mr. Scott did not agree with this statement, claiming that DES feels confident in their position and has more than speculative evidence.

Anne stated that she is surprised to see that trees also contain mercury and that residential oil and wood burning are also contributors to mercury emissions. She then asked how much it would cost a consumer to clean up their emissions. Mr. Scott confirmed that residential and industrial oil burning accounts for two of the largest sources of mercury emissions. The technology to reduce mercury emissions from the burning of oil is more speculative. DES's position is to go for the largest single source versus residential and industrial oil burning because it is more cost effective. Larry R. explained that we are looking at reducing oil burning and replacing with bio fuel. Mr. Bogen stated that one reason the trees have mercury is because it is being absorbed from the air, which is polluted by power plants. Mr. Scott also stated that in testing samples of oil, there were wide discrepancies. The data isn't adequate so they can't compare.

Rick asked Mr. Long if money was not an issue, would the goal be justified. Mr. Long stated that he takes his position for customers of PSNH. He also stated that the current technology is unproven to achieve the level of reductions required by the bill.

Mr. Scott's understanding of the costs of mercury reduction measures are based upon PSNH's estimates. He also explained that in the current bill PSNH has an out if they cannot make the deadline. PSNH would come to DES and look at other options. Mr. Long stated that the supposed "out" is not worth the paper it is written on, as it only says that the Department "shall recommend..." to the legislature. It doesn't give any clear language for PSNH to count on. Mr. Long also stated that if the state issues a rule the EPA can enforce it regardless.

Claire asked why NY or VT or Quebec was not on the state by state comparison that was provided in the handouts from DES. Mr. Scott responded that VT and NY didn't have state level laws on this issue, but VT has no coal plants and unsure about NY.

Claire also asked Mr. Bogen who the studies in his handouts were done by, who funded the studies and are there any other studies that were done in NH on this topic. Mr. Bogen provided information about each pollster and funding source. He stated that he is unaware of any other studies done. Mr. Long stated that PSNH has not

done any polling on this topic.

Rick asked Mr. Long if PSNH's bottom line is affected by this situation. Mr. Long responded no, PUC allows for cost recovery, which PSNH will pursue. Mr. Bogen stated that PSNH is at an unfair advantage because their plants are grandfathered from mercury rules, while any new plants or any plants in other states such as MA and CT are not.

Larry K. asked if there are any reasonable ways to compare regulated utilities in MA versus here. Mr. Long responded that each boiler is different.

Commissioner Harrington asked to make a statement regarding the original legislation in 2002. Larry K. obliged. Commissioner Harrington stated that he was part of the legislature when this bill was being passed and that cap & trade was an integral part of the bill. He feels that it would not have been passed without cap & trade. He also wanted to clarify that the hot spots are not necessarily directly related to the location of the power plants.

Mr. Bogen stated that after the Penacook incinerator cleaned up its mercury emissions, the levels of mercury in nearby lakes have also decreased.

All presenters made their closing statements which summarized their previous presentations.

Larry K. asked the Board members to convene with OCA staff in the OCA office to discuss the bill. Larry R. did not participate in this post-meeting, non-public session.

Meeting adjourned at 3:55 pm.

Next meeting is to be held on May 9th at 2:00-4:00 p.m.